



Cyclical Reassessment

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Cyclical Reassessment

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Cyclical Reassessment

- **Lessons Learned from 2012**
 - Changes for the 2012 reassessment:
 - 1) The DLGF updated the Cost Schedules:
 - 2002 cost schedules were based on 1999 costs
 - Construction costs have changed
 - Original Guidelines (Manual) was written 35 years ago
 - Construction methods, design, and materials have changed
 - Cost model assumptions needed review & update



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- Overall, specific cost changes varied by type of improvement and size. **The increase in costs for the 2012 General Reassessment Guidelines did not necessarily mean that an assessed value increased by a particular amount.**
 - Statewide, the total assessed value (excluding agricultural land) **decreased** by 0.7%.



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- 2) Other thoughts on the reassessment:
- Compared to prior statewide general reassessments, the 2012 reassessment went relatively well, and with the exception of one county, it was completed in a timely manner.
 - The wide shifts or changes either within or between property classes did not occur. This may be attributed, in large part, to the annual adjustment process.
 - Some taxpayers, however, may have experienced a significant change in their assessed value.



Cyclical Reassessment

Definitions

- *Department of Local Government Finance Oversight:*
Per IC 6-1.1-4-31(a), the Department shall periodically check the conduct of a general reassessment of property.
- *Reassessment Principles:*
The Indiana Constitution, the statutes of the Indiana General Assembly, and case law by the Indiana Courts (including the Indiana Tax Court and the Indiana Supreme Court) are the foundation of the reassessment. The reassessment does not ensure absolute and precise exactitude as to the uniformity and equality of each individual assessment.



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- Per Senate Enrolled Act 19-2012, starting July 1, 2014, a “general reassessment” of property has been replaced with a “cyclical reassessment.” (That refers to the reassessment of 25% of the parcels in each year of the cycle.)
- The basic premise of a “cyclical reassessment” is to spread the reassessment activities, including the inspection and updating of all of the parcels and parcel characteristics, in an assessment jurisdiction, over a four (4) year period instead of a twenty (20) month period.



Cyclical Reassessment

- All parcels of real property in the county must be divided into four different groups, and each group must contain at least 25% of the parcels within each class of real property in the county. The reassessment begins July 1 of a year and must be completed on or before March 1 of the following year (e.g., for the March 1, 2015 assessment date, reassessment commences July 1, 2014 and must be completed by January 1, 2015*). All real property must be reassessed once during each reassessment cycle (see [http://www.in.gov/dlgf/files/121116 - Wood Memo - Cyclical Reassessment Guidance \(final draft\).PDF](http://www.in.gov/dlgf/files/121116_Wood_Memo_-_Cyclical_Reassessment_Guidance_(final_draft).PDF)).
*SEA 420-2014 change!



Cyclical Reassessment

- **Legislative Changes/Timeline**

The following are the effective dates for the cyclical reassessment, including changes per Senate Enrolled Act 420-2014:

- July 1, 2013: The county assessor must submit the cyclical reassessment plan before this date.
- March 1, 2014: The Department must review and approve the plan before this date.
- July 1, 2014: The reassessment of the first 25% of the parcels within each property class within the county starts.
- January 1, 2015: The reassessment of the first 25% of the parcels must be completed.



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- SECTION 8. IC 6-1.1-4-4.2, AS ADDED BY P.L.112-2012, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 4.2. (a) The county assessor of each county shall, before July 1, 2013, and before **May 1** of every fourth year thereafter, prepare and submit to the department of local government finance a reassessment plan for the county. The following apply to a reassessment plan prepared and submitted under this section:
 - (1) The reassessment plan is subject to approval by the department of local government finance. The department of local government finance shall complete its review and approval of the reassessment plan before:



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- (A) March 1, 2015; and**
 - (B) January 1 of each subsequent year that follows a year in which the reassessment plan is submitted by the county.**
- (2) The department of local government finance shall determine the classes of real property to be used for purposes of this section.
 - (3) Except as provided in subsection (b), the reassessment plan must divide all parcels of real property in the county into four (4) different groups of parcels. Each group of parcels must contain approximately twenty-five percent (25%) of the parcels within each class of real property in the county.



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- (4) Except as provided in subsection (b), all real property in each group of parcels shall be reassessed under the county's reassessment plan once during each four (4) year cycle.
- (5) The reassessment of a group of parcels in a particular class of real property shall begin on **May 1** of a year.
- (6) The reassessment of parcels:
 - (A) must include a physical inspection of each parcel of real property in the group of parcels that is being reassessed; and



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- (B) shall be completed on or before **January 1** of the year after the year in which the reassessment of the group of parcels begins.
- (7) For real property included in a group of parcels that is reassessed, the reassessment is the basis for taxes payable in the year following the year in which the reassessment is to be completed.
- (8) The reassessment plan must specify the dates by which the assessor must submit land values under section 13.6 of this chapter to the county property tax assessment board of appeals.



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- (9) Subject to review and approval by the department of local government finance, the county assessor may modify the reassessment plan.
- (b) A county may submit a reassessment plan that provides for reassessing more than twenty-five percent (25%) of all parcels of real property in the county in a particular year. A plan may provide that all parcels are to be reassessed in one (1) year. However, a plan must cover a four (4) year period. All real property in each group of parcels shall be reassessed under the county's reassessment plan once during each reassessment cycle.



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- (c) The reassessment of the first group of parcels under a county's reassessment plan shall begin on July 1, 2014, and shall be completed on or before **January 1, 2015**.
- (d) The department of local government finance may adopt rules to govern the reassessment of property under county reassessment plans.



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- SECTION 10. IC 6-1.1-4-5, AS AMENDED BY P.L.112-2012, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 5. (a) A petition for the reassessment of a real property that is subject to reassessment under section 4 of this chapter and situated within a township may be filed with the department of local government finance on or before:
 - (1) March 31 of any year **beginning before January 1, 2016**, which is not a general election year and in which no general reassessment of real property is made; **or**
 - (2) **January 31 of any year beginning after December 31, 2015**, that is not a general election year and in which no general reassessment of real property is made.



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A petition for reassessment of real property applies only to the most recent real property assessment date.

(b) The petition for reassessment must be signed by not less than the following percentage of all the owners of taxable real property who reside in the township:

- 1) fifteen percent (15%) for a township which does not contain an incorporated city or town;
- 2) five percent (5%) for a township containing all or part of an incorporated city or town which has a population of five thousand (5,000) or less;
- 3) four percent (4%) for a township containing all or part of an incorporated city which has a population of more than five thousand (5,000) but not exceeding ten thousand (10,000);



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- 4) three percent (3%) for a township containing all or part of an incorporated city which has a population of more than ten thousand (10,000) but not exceeding fifty thousand (50,000);
- 5) two percent (2%) for a township containing all or part of an incorporated city which has a population of more than fifty thousand (50,000) but not exceeding one hundred fifty thousand (150,000); or
- 6) one percent (1%) for a township containing all or part of an incorporated city which has a population of more than one hundred fifty thousand (150,000).



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The signatures on the petition must be verified by the oath of one (1) or more of the signers. A certificate of the county auditor stating that the signers constitute the required number of resident owners of taxable real property of the township must accompany the petition.

- (c) Upon receipt of a petition under subsection (a), the department of local government finance may order a reassessment under section 9 of this chapter or conduct a reassessment under section 31.5 of this chapter.



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- SECTION 12. IC 6-1.1-4-21.4, AS ADDED BY P.L.112-2012, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 21.4. (a) The appraisals of the parcels in a group under a county's reassessment plan prepared under section 4.2 of this chapter that are subject to taxation must be completed as follows:
 - (1) The appraisal of one-third ($1/3$) of the parcels shall be completed before **August 1** of the year in which the group's reassessment under the county reassessment plan begins.
 - (2) The appraisal of two-thirds ($2/3$) of the parcels shall be completed before **November 1** of the year in which the group's reassessment under the county reassessment plan begins.



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- (3) The appraisal of all the parcels shall be completed before **January 1** of the year following the year in which the group's reassessment under the county reassessment plan begins.
- (b) If a county assessor employs a professional appraiser or a professional appraisal firm to make real property appraisals of a group of parcels under a county's reassessment plan, the professional appraiser or appraisal firm must file appraisal reports with the county assessor by the dates set forth in subsection (a).



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- **Timeline continued:**
- May 1, 2015: The reassessment of the second 25% of the parcels within each property class within the county starts.
- January 1, 2016: The reassessment of the second 25% of the parcels must be completed.
- May 1, 2016: The reassessment of the third 25% of the parcels within each property class within the county starts.
- January 1, 2017: The reassessment of the third 25% of the parcels must be completed.



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- May 1, 2017: The reassessment of the fourth 25% of the parcels within each property class within the county starts. Note: IC 6-1.1-4-4.2 (a) states the county assessor must submit a cyclical reassessment plan “before May 1* of every fourth year thereafter.” Hence, the county assessor must submit the plan for the next four year cyclical reassessment before this date. *Per SEA 420-2014
- January 1, 2018: The reassessment of the fourth 25% of the parcels must be completed. The Department must review and approve the cyclical reassessment plan before this date.
- May 1, 2018: The reassessment of the first 25% of the parcels within each property class within the county for the next four year cyclical reassessment starts.



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- The appraisal of one-third ($1/3$) of the 25% of parcels must be completed before August 1* of the year in which the group's reassessment under the county reassessment plan begins. Two-thirds ($2/3$) of the parcels must be completed before November 1* of the year following the year in which the reassessment plan begins. The appraisal of all the parcels in the group shall be completed before January 1* of the year following the year in which the reassessment plan begins.

* Per SEA 420-2014



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- If a county assessor employs a professional appraiser, the professional appraiser or appraisal firm must file appraisal reports with the county assessor by the same dates.
- The reassessment plan must also specify the dates by which the assessor will submit the land values to the property tax assessment board of appeals (PTABOA).
- Please note, the county assessor may modify the reassessment plan, subject to review and approval by the Department.



Cyclical Reassessment

- **Components of the Plan**
- Great deference is given to local control; but, the following components should be contained in the reassessment plan:
 - An overall plan for completing the cyclical reassessment. This should include the approximate number of parcels in the jurisdiction, including a break-down by property class and the projected number of parcels to be inspected each year to meet 25% cyclical reassessment requirement.



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- Tasks or activities that were part of the 2012 general reassessment should be included in the plan. For example, sales verification/validation, neighborhood delineation, land pricing, the application of updated costs, the review and application of a market adjustment factor (if necessary), and the completion/submission of the ratio study should be part of the plan.



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- A Gantt chart should be included in the plan. A Gantt chart should list the task name or project, the person(s) responsible for the task or project, the duration of the task or project (e.g., 120 days), and a timeline starting with the end date and working backwards. Increments will show what percent of work needs to be completed by a certain date in order to complete the task or project.



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- A detailed description of the task or project should accompany the Gantt chart. For example, if the task is to photograph each property in the jurisdiction; details that should be addressed include procurement (if necessary) of a camera or cameras, the person(s) responsible for the photography, a routing map of the properties to be photographed, a decision on how many photographs and/or views (e.g., the front and back) will be taken of each property, a means to identify each property and photograph(s) and inputting the photographs into the computer system, and the time needed to complete the project (e.g., there are 10,000 properties to be photographed, 50 properties photographed each day, one person taking the photographs, 200 days needed to complete the project [50 properties x 200 days = 10,000 properties ; 200 days/25% = 50 days per year]).



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- Thus, the assessing official should plan on approximately 50 working days each year to photograph approximately 2,500 properties. At the end of the four year cyclical reassessment cycle, all 10,000 properties will have a photograph.



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- A work plan establishes key dates or benchmarks for work to be completed, ensuring the timely completion of the cyclical reassessment.
- Start with end first and work backwards.
- Benchmarks should be realistic and obtainable.
- The county assessor must have submitted the cyclical reassessment work plan to the Department before July 1, 2013. Note: All counties have an approved work plan.



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- The county assessor must determine the values of all classes of commercial, industrial, and residential land (including farm homesites) in the county using guidelines determined by the Department. The assessor determining the values of land shall submit the values to the PTABOA by the dates specified in the county's cyclical reassessment plan.



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- If the county assessor fails to determine land values under the deadlines in the county's cyclical reassessment plan, the PTABOA must determine the values. If the PTABOA fails to determine the values before the land values become effective, the Department must determine the values.
- The county assessor must notify all township assessors in the county (if any) of the values. Assessing officials shall use the values determined.



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- The county assessor may not use the services of a professional appraiser for assessment or reassessment purposes without a written contract.
- The contract used must be either the standard contract developed by the Department or specifically approved by the Department.
- See <http://www.in.gov/dlgf/files/131112> - [Vincent Memo -](#)
[UPDATE Form Contracts for Annual Adjustments and Cyclical Reassessment.pdf](#)



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- The Department is required to develop a standard contract or standard provisions for contracts to be used in securing professional appraising services.
- The standard contract or contract provisions must contain:
 1. A fixed date by which the professional appraiser or appraisal firm shall have completed all responsibilities under the contract;
 2. A penalty clause under which the amount to be paid for appraisal services is decreased for failure to complete specified services within a specified time;
 3. A requirement that the appraiser must make periodic reports to the county assessor;



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4. The manner in which, and time intervals at which, periodic reports are to be made;
5. The stipulation of what service(s) are to be provided and what class or classes of property are to be appraised;
6. The contractor will generate complete parcel characteristics and parcel assessment data in a manner and format acceptable to LSA and the Department;
7. A provision stipulating Legislative Services Agency (LSA) and the Department have unrestricted access to contractor's work product under the contract; and
8. The Department is party to the contract and any addendum to the contract.



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- When the assessor assesses/reassesses any real property, they must give notice to the taxpayer, by mail, of the amount of assessment/reassessment (e.g., Form 11).
- During a period of general or cyclical reassessment, each township or county assessor shall mail the required notice of assessment within ninety (90) days after the assessor:
 - (1) completes the appraisal of a parcel; or
 - (2) receives a report for a parcel from the professional appraiser.



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- The county auditor must establish a property reassessment fund.
- The county treasurer must deposit in that fund all collections resulting from property taxes that the county levies for the county's property reassessment fund.
- The Department may raise or lower the property tax levy for a year if it determines it is appropriate because of the estimated cost of the general (cyclical) reassessment; or making annual adjustments has changed.



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FAQ's

Question:

- It is my understanding that under IC 6-1.1-4-4.2(c) the cyclical reassessment period begins on July 1, 2014 and runs through March 1, 2015. During this time period there are also two benchmarks in which we need to have a certain percentage of the overall process done. Due to these benchmark dates, and unpredictable weather, especially in the winter, is it possible to begin the cyclical reassessment process in June of 2014 rather than July?



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Answer:

- While the desire to complete the cyclical reassessment in a timely manner is appreciated, the Indiana Code is very specific that the reassessment “shall” begin on July 1, 2014. Hence, you should not commence your reassessment activities before July 1, 2014.

As part of the 2012 statewide general reassessment, we did allow counties who had been doing a cyclical reassessment to use the information obtained prior to the start of the general reassessment, provided that they verified the existing information either through re-visiting the property, the use of aerial photography, building permits, or other means. However, this was applicable for the 2012 general reassessment only.



Cyclical Reassessment

Question: Is a physical inspection of all properties required under the cyclical reassessment?

Answer: Yes – a physical inspection is part of every reassessment. The premise for the physical inspection is to ensure the parcel characteristics/information are as accurate as possible.

Question: When can cyclical reassessment contracts be signed?

Answer: The cyclical contract could not be signed until after January 1, 2014. Our goal was to have all contracts reviewed and approved by April 15, 2014.⁴¹



Cyclical Reassessment

Question: Will properties that are not being reassessed be subject to the annual adjustment process?

Answer: Yes – properties that are not part of the cyclical reassessment, will be annually adjusted.



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Resources

- Section 1 of SEA 266-2014 repeals IC 6-1.1-4-4.3, enacted during the 2013 regular session, which gave to the county assessor or township assessor (if any) (“local assessor”) the burden of proving that an assessment on real property not assessed using the income capitalization approach is correct, if the gross assessed value (“GAV”) was reduced by the PTABOA for the latest assessment date covered by the appeal, and the assessment increases the GAV above the reduced value set by the PTABOA.



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Section 2 amends IC 6-1.1-15-17.2, which places the burden of proof on the local assessor if the assessment that is subject to the appeal is an increase of more than five percent (5%) over the prior year's assessment for that property.

In calculating the change in the assessment, the prior year's assessment is:

- the original assessment for that prior tax year; or
- the assessment for that prior tax year
 - 1) as last corrected by the local assessor;
 - 2) as stipulated or settled during an informal conference with the local assessor; or
 - 3) as determined by the PTABOA under IC 6-1.1-15-1.



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If the local assessor fails to meet the burden of proof, the taxpayer may introduce evidence to prove the correct assessment. If neither the assessing official nor the taxpayer meets the burden of proof, the assessment reverts to the prior year's assessment.

Under new subsection IC 6-1.1-15-17.2(d), if the GAV of real property for an assessment date that follows the latest assessment date that was the subject of an appeal conducted under IC 6-1.1-15 increases above the GAV of the real property for the latest assessment date covered by the appeal, the local assessor has the burden of proving the assessment is correct,



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regardless of the amount of the increase. Subsection (d) does not apply for an assessment of real property valued using the income capitalization approach in the appeal.

The amendments to IC 6-1.1-15-17.2 apply to all appeal or reviews pending on the effective date of the amendments made in the 2014 Regular Session, and to all appeals or reviews filed thereafter.



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- **IC 6-1.1-4-4.4**

Documentation of change in assessment method; burden of proof of validity of change

Sec. 4.4. (a) This section applies to an assessment under section 4 or 4.5 of this chapter or another law. (b) If the assessor changes the underlying parcel characteristics, including age, grade, or condition, of a property, from the previous year's assessment date, the assessor shall document:

- (1) each change; and
- (2) the reason that each change was made. In any appeal of the assessment, the assessor has the burden of proving that each change was valid. *As added by P.L.113-2010, SEC.13.*



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- **IC 6-1.1-4-5.5**

Petition for reassessment under county reassessment plan

Sec. 5.5. (a) A petition for the reassessment of a real property group designated under a county's reassessment plan prepared under section 4.2 of this chapter may be filed with the department of local government finance not later than forty-five (45) days after notice of assessment. A petition for reassessment of real property applies only to the most recent real property assessment date.



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(b) The petition for reassessment must be signed by the lesser of one hundred (100) owners of parcels in the group or five percent (5%) of owners of parcels in the group. The signatures on the petition must be verified by the oath of one (1) or more of the signers. A certificate of the county auditor stating that the signers constitute the required number of owners of taxable real property in the group of parcels must accompany the petition.



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(c) Upon receipt of a petition under subsection (a), the department of local government finance may order a reassessment under section 9 of this chapter or conduct a reassessment under section 31.5 of this chapter. *As added by P.L.112-2012, SEC.5.*



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- **IC 6-1.1-4-6**

Reassessment order

Sec. 6. If the department of local government finance determines that a petition filed under section 5 or 5.5 of this chapter has been signed by the required number of petitioners and that the present assessed value of any real property is inequitable, the department of local government finance shall order a reassessment of the real property for which the petition was filed. The order shall specify the time within which the reassessment shall be completed and the date on which the reassessment shall become effective.

(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.90-2002, SEC.32; P.L.112-2012, SEC.6.



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Prior Memos/Guidance:

- <http://www.in.gov/dlgf/files/121116> -
[Wood Memo -](#)
[Cyclical Reassessment Guidance \(final draft\).PDF](#)
- <http://www.in.gov/dlgf/files/120707> -
[Wood Memo - Cyclical Reassessment Follow-](#)
[up.pdf](#)
- <http://www.in.gov/dlgf/files/120430> [Cyclical Reass](#)
[essment.pdf](#)



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